NEW COST FACTOR CHARTS - INSTRUCTIONS

Explanation and Examples

The new cost factor charts are designed so you can arrive at approximate new costs for any year from 1953 TO 2007. In order to use them you must have the new cost, F.O.B. or suggested retail prices for a specific year. You can then arrive at any approximate new cost, F.O.B. or suggested retail price for any year below the year that you have. This would be called trending down. There are two new cost factor charts; one for heavy equipment, and another for all other personal property, except for oil and gas equipment. Be sure to use the correct chart for each type of equipment. Once you have arrived at a new cost, F.O.B. or suggested retail price for the year needed, the depreciation percent from the correct table must be applied to arrive at the current market value.

Example: You need to know the F.O.B. of a 1953 tractor and you have the F.O.B. for a 1957 tractor of the same make and model. Going to the new cost factor chart you read left to right across the top until you find 1957. Then you go down that column until it crosses 1953 on the vertical column. The factor would be 81%, which means you take 81% of the 1957 F.O.B. to arrive at the F.O.B. for 1953. You should then go to the depreciation table for farm machinery and use 25% of that value to arrive at a 2008 market value.